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Rural families from specific areas in 5 southern states (Alabama, Florida, Georgia, Tennessee, and Texas) were sampled to determine the extent of economic and social preparation for old age and retirement. Family characteristics and economic status were compared by race (white and Negro) and residence (farm versus nonfarm). Attempts were made to determine retirement expectations of rural families and to predict retirement income. Findings indicate that pre-retirement family incomes and educational attainment have a direct bearing upon economic expectations for retirement. Also, public action is needed to solve some of the human issues in rural retirement including substandard housing and the social problems of isolation. (JH)

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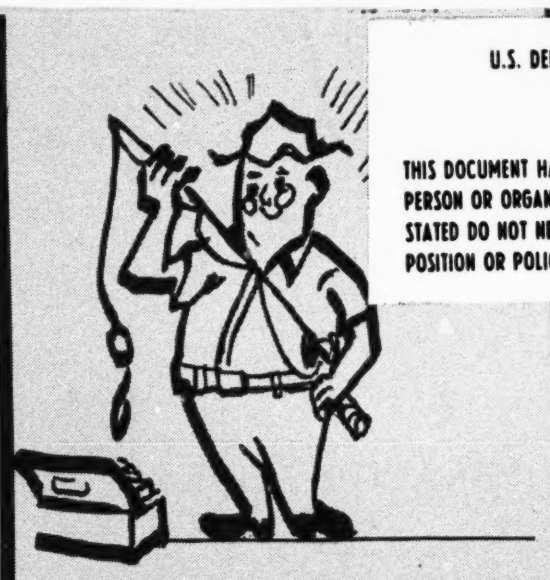

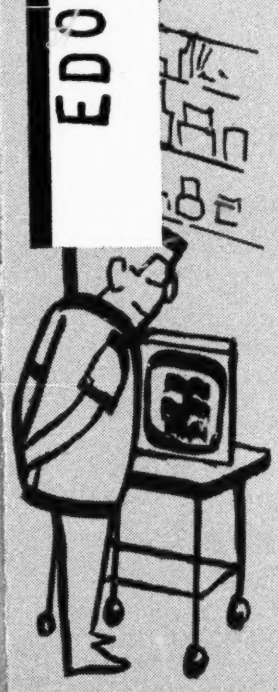

Economic Provisions For Old Age Of Rural Families In Five Southern States

Betty W. Bailey, Daniel E. Alleger,
Alice C. Stubbs and James C. Fortson

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PREFACE

This bulletin is the first regional publication developed from Southern Regional Project S-56, Economic Provisions for Old Age Made by Rural Families. The technical committee responsible for this project includes representatives from agricultural experiment stations in Georgia, Alabama, Florida, Tennessee, and Texas.

The objective was to determine to what extent rural people in the South are making economic provisions for old age, retirement, or both. Providing for income during later years is an economically complex situation which permits no simple answer. However, two significant changes have altered the outlook for retirement over the last few decades: (1) the constantly increasing proportion of older people in retirement age brackets, and (2) the increased services for elderly persons provided by government. It is hoped that this study will provide some guidelines for personal and public planning for support of the aged which will be useful in educational and action programs.

The project was financed through funds provided by the Hatch Act, as amended in 1955, and by state research funds. In addition to this bulletin, a number of other state publications are planned to report various subject-matter areas related to findings on housing costs and expectations (Alabama), retirement income and medical costs (Florida), effects of family composition on retirement expectations (Georgia), life, burial, health, and accident insurance (Tennessee), and use of leisure time (Texas).

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The authors thank the many southern families who so willingly cooperated in the survey, the interviewers who conscientiously collected the data, and other members of the Southern Regional Technical Committee for assistance, advice, and suggestions. Special thanks for advice and guidance are due Dr. Mary Beth Minden, USDA, and to Dr. H. O. Kunkel of Texas, who is the Administrative Adviser. Appreciation is also extended to Dr. Max R. Langham and Dr. Frank G. Martin, University of Florida, for assistance in interpreting the results of linear multiple regressions analysis.

Economic Provisions For Old Age Of Rural Families In Five Southern States

Betty W. Bailey, Daniel E. Alleger,
Alice C. Stubbs and James C. Fortson[1]

INTRODUCTION

During much of this century, research relating to the rural people of the South has concentrated upon rural-urban shifts, farm tenure, and low income. Only since the enactment of the Social Security Act of 1935 has serious thought been given by the public to the ways and intent that families make economic provisions for retirement (4).[2]

Retirement research in Florida and in other southern states has disclosed that a measure of financial security and personal adjustment may be obtained by persons 65 years of age or older through small-scale agricultural undertakings (1). Personal obligations for self-support have not been lessened because Social Security (OASDI) benefits and Old Age Assistance (OAA) payments have been increased substantially in recent years. This Southern Region study focuses upon the ability of families to make economic provisions for retirement.

Objectives

One underlying assumption of the survey was that public programs related to community development, public welfare, housing, medical care, and similar matters could be more wisely dealt with if the retirement objectives of rural people for retirement were known. Considerable financial savings to all taxpayers would result if equitable ways were found to place older people into those economic and social situations best suited to their needs. Accordingly, the cooperators selected two objectives: to ascertain the economic and social goals for older age made by rural families; and to analyze the interrelationships among present economic and social conditions, goals, and provisions for older age.

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[2]Numbers in parentheses are explained in References.

Sampling and Analytical Procedures

The population was defined as those rural families residing in counties which, according to the *United States Census of Population*, 1960, were more than 50 percent rural and were not in Standard Metropolitan Statistical Areas. To increase the homogeneity of the sample, the counties of western Texas and the subtropical areas of southern Florida were excluded.

The five states were stratified into geographical, topological areas, or both. After strata boundaries within each state had been determined, the size of the sample for each stratum was made proportional to the number of rural persons in a given class. Eligible counties were randomly selected within each stratum, and size of the sample was determined for each county included. For the counties surveyed, appropriate state highway maps were secured and all homes appearing thereon were delineated into numbered clusters of 20 homes. Clusters were then randomly drawn to determine which families were to be interviewed. The eligible population consisted of husband-wife family units in which the ages of the husbands ranged from 45 to 64 years.

The sampling procedure specified that the ratio of completed schedules in each participating state should be proportionally relationed to the total eligible regional population. The rural population and the number of records secured are:

State	Total Rural Population	Number of Records
Alabama	906,596	210
Florida	432,552	100
Georgia	1,233,017	286
Tennessee	1,337,529	310
East Texas	788,162	182
Totals	4,697,856	1,088

All pertinent data gathered during the survey were coded and placed on magnetic tape for processing. In preliminary analyses, various descriptive statistics, such as means, standard deviations, variances, and frequency distributions were computed. Later, more refined analytical techniques were employed.

Twenty-six variables were classified into three groups — A, B, and C — for analytical purposes. Group A consisted of the independent variables of race, place of residence, home tenure, family structure, family income, and leisure activities of husband and wife; and of age. education, occupation, and health rating of husband.

The dependent variables were placed in group B. They included equities in life insurance. family dwelling (home, home-farm, or both). real property other than dwelling, current savings, current

investments, and status of husband and wife in relation to OASDI and pension plans.

The C variables, which were conceived as projected values from functional relationships between variables A and B, were anticipated income from investments, OASDI benefits, and occupations of husband after age 65. Anticipated retirement incomes and anticipated expenditures for housing, health care, leisure and organizational activities were also included. Anticipated retirement income from group C was treated as both a dependent and an independent variable.

The chi-square criterion was used to determine the degree of relationship between discrete variables and product-moment correlations, so that the degree of association between continuous variables could be found. Predictive multiple regression and least-squares analysis of covariance models were also employed on various aspects of the data to determine significant relationships and to project anticipated income and expenditures to the time of retirement.

The Nature of the Universe

Families for this survey were drawn largely from the Southern Appalachian Ridges and Valleys, Southern Piedmont, Coastal Plains, and Texas Blackland Prairie regions (Figure 1). They included households from the mountains of Tennessee, Georgia and Alabama; the coastal plain belts of Alabama, Georgia and Florida; the Piedmont areas of Georgia and Alabama; and the sand and wooded hills of eastern Texas. In spite of this topological and climatic diversity, the families interviewed had certain attributes in common. For example, in every state substantial proportions of the families surveyed lived at or near the currently established poverty level of $3,000 or less annual family income, as evidenced both by the 1960 *U. S. Census* and this survey.

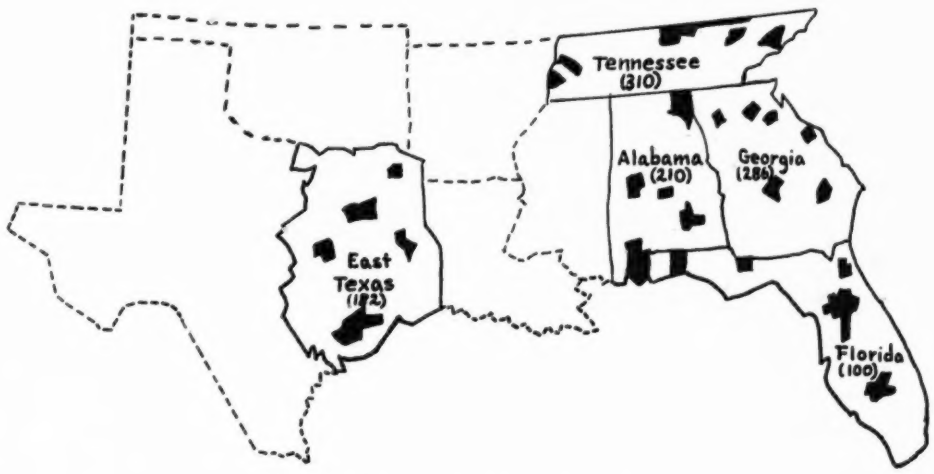

Figure 1. Location of States and Counties Sampled and the Number of Families in Each State, 1964.

Estimated county median incomes for 1960 in the five cooperating states were not significantly different (3). Georgia averaged lowest with $2,745 and Texas highest with $3,387; average values were $2,749, $2,868, and $3,219 for Alabama, Tennessee and Florida, respectively. Farm families constituted a larger proportion of the survey respondents in Alabama than in any other state. Only in Florida and Georgia was the population characteristically nonfarm. Negro families represented about 14 percent of all respondents, with this low proportion being due to the fact that only families with husband and wife present in the household were included in the survey (Table 1).

Table 1. Rural Families Surveyed by State, by Place of Residence and by Race, 1964.

State	Families				
	Residence		Race		Total Number
	Farm	Nonfarm	White	Negro	
	number				
Alabama	151	59	158	52	210
Florida	23	77	76	24	100
Georgia	100	186	245	41	286
Tennessee	172	138	294	16	310
Texas	81	101	161	21	182
Number	527	561	934	154	1,088
Percent	48	52	86	14	100

In spite of geographical, economic, and racial differences, home ownership ratio was three to one in every state. A considerable regional similarity in the physical ailments and illnesses reported by family heads was noted. Moreover, aside from church activities, family heads showed no propensity for participating in leisure-time activities. Since many other economic and social attributes between the families of the region were so generally related, the analyses which follow are shown for the universe surveyed and are not differentiated by states.

SELECTED FAMILY CHARACTERISTICS

This survey included families ranging from high income with substantial capital assets to those with extremely limited incomes and

no capital assets. In general, white families owned more resources per capita than did Negroes. Significant differences were found between whites and Negroes in family composition, education, occupation, and income. Therefore, data were statistically analyzed separately for each race.

Residence

While approximately 15 percent of the families were Negro, as compared to 85 percent white, the percentage of each race living on farms was similar, or 45 and 49 percent, respectively (Table 2). Farm families differed considerably from state to state; however, farm and nonfarm families were not found to be significantly different in most attributes. As a case in point, the difference between average 1963 incomes of farm and nonfarm families was less than $150.

Table 2. Residence and Family Structure of Families, According to Race, 1,088 Rural Families, 1964.

Item	Families					
	White		Negro		All Families	
	No.	percent	No.	percent	No.	percent
Residence: ..... All	934	100	154	100	1,088	100
Rural farm	458	49	69	45	527	48
Rural nonfarm	476	51	85	55	561	52
Family Structure:						
Couple only	397	43	39	20	427	39
Couple and children.	450	48	93	60	543	50
All others	87	9	31	20	118	11

Family Structure

The structure of the families in the survey was different for whites and Negroes. Twice as many white as Negro families consisted of the couple only, or 43 and 20 percent, respectively. On the other hand, twice as many Negro as white families included family members of another generation or other individuals in the household (Table 3). The family structure was similar for the farm and nonfarm families interviewed.

Table 3. Family Structure of 1,088 Rural Families According to Race and Place of Residence, 1964.

Family Structure	Families					
	White		Negro		Both Races	
	Farm	Nonfarm	Farm	Nonfarm	Farm	Nonfarm
	percent					
Couple only	43	42	15	24	39	39
Couple and children	49	48	67	55	51	49
Couple and parents	2	1	1	2	2	2
Couple and grandchildren	1	1	1	4	1	2
Three generations	2	5	9	14	3	6
Couple and others	3	3	7	1	4	2
Total	100	100	100	100	100	100
Number	457	477	70	84	527	561

Persons in Household

A dependency index score constructed from data in Table 4 revealed that for every person in a household of age 18 or less and 65 and over there were two adults of intermediate ages among the whites but only one among the Negroes.[4] Thus, every Negro family head had double the responsibility for supporting children, youth, and the aged as did his white counterpart. By another comparison, the support-ratio[5] showed that for every 1,000 white males of 45 to 64 years of age there were 95 children under 6 years of age; for the Negro, the number was four times greater, or 386.

Age

The range in age of male family heads was 45 to 64, but for both whites and Negroes there were more men from 45 to 49 years of age than from 60 to 64 years of age. Wives were usually younger than their husbands (Table 5). To a degree, the age relationship between husbands and wives had a bearing upon the outlook for retirement. In some instances, younger wives looked forward to gainful employment after their husbands reached age 65. Older wives anticipated sharing concurrently with their husbands the receipts of OASDI benefits.

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[4]The dependency index score "D" is computed as follows: $D=\frac{1+x}{1+y+z}$ where, x = number of persons aged 19 through 64; y = number of persons aged 18 or less; and z = number of persons aged 65 and over.

[5]Support ratio $= \frac{\text{number of children under age 6}}{\text{number of male family heads x 1,000.}}$

Table 4. Distribution of Persons in the Family According to Race and Age of Family Members, 1,086 Rural Families, 1964.

Age Classes	Distribution of Persons in Family					
	White		Negro		Both Races	
	number	percent	number	percent	number	percent
Under 6 years	89	3	59	8	148	4
6 to 12 years	335	11	142	19	477	12
13 to 18 years	526	17	166	22	692	18
19 to 24 years	193	6	43	6	236	6
25 to 44 years	266	8	67	9	333	9
45 to 64 years	1,645	53	261	35	1,906	49
65 and over	66	2	11	1	77	2
Totals	3,120	100	749	100	3,869	100
Number reporting	933		153		1,086	

Table 5. Ages of Husbands and Wives, According to Race, 1,088 Rural Families, 1964.

Years of Age	Families					
	White		Negro		Both Races	
	Husband	Wife	Husband	Wife	Husband	Wife
	percent					
38 or less	0	5	0	13	0	7
39 to 44	0	17	0	18	0	17
45 to 49	28	25	26	23	28	25
50 to 54	25	24	29	21	26	23
55 to 59	25	18	26	12	25	17
60 to 64	22	9	18	11	21	9
65 and over	0	2	0	2	0	2
Not ascertained	0	0	1	0	0	0
Total	100	100	100	100	100	100
Number	934	934	154	154	1,088	1,088

Education

The Negro male was not as well educated as the white male (Table 6). Approximately 60 percent of the whites reported the completion of five to eleven years of formal education as compared to only 42 percent of the Negroes. Moreover, nearly three times as many Negroes as whites, or 40 and 15 percent, respectively, were functionally illiterate, as measured by the completion of less than five years of formal education. Regardless of race, wives reported higher levels of education than did their husbands.

Education was found to have an important bearing upon economic expectations for retirement. The low level of education of the Negro family was directly related to low family income and the ownership of capital assets, both at the time of the survey and as projected for the years ahead.

Table 6. Educational Attainments of Husbands and Wives According to Race, 1,088 Rural Families, 1964.

Years of Education	Families					
	White		Negro		Both Races	
	Husband	Wife	Husband	Wife	Husband	Wife
	percent					
None	2	1	4	2	3	1
1 to 4	13	8	36	16	16	9
5 to 8	42	41	38	59	42	44
9 to 11	18	23	5	10	16	21
12	13	17	2	5	11	15
13 to 15	4	4	1	1	4	4
16 and over	3	3	1	1	2	3
Not ascertained	5	3	13	6	6	3
Total	100	100	100	100	100	100
Number	934	934	154	154	1,088	1,088

Health

When asked to rate their own health, about 10 percent of all husbands and wives said they were in excellent health, 39 percent

in good health, 35 percent in fair health, and 16 percent in poor health (Table 7). One-half of all the husbands and wives interviewed reported they had no specific illness or ailment. White wives reported fewer illnesses than did Negro wives. More farm than nonfarm couples reported that they had no ailment.

Table 7. Health Self-Ratings of Husbands and Wives Both by Race and by Place of Residence, 1,088 Rural Families, 1964.

Health Self-ratings	Families				
	Race		Residence		All
	White	Negro	Farm	Nonfarm	
	percent				
Husbands: All	100	100	100	100	100
Excellent	10	6	10	9	10
Good	38	49	42	37	39
Fair	34	29	36	30	33
Poor	18	16	12	24	18
Wives: All	100	100	100	100	100
Excellent	12	5	11	11	11
Good	38	40	38	38	38
Fair	38	36	39	37	38
Poor	12	19	12	14	13
Number of families	934	154	527	561	1,088

Twenty percent of the husbands and 15 percent of the wives reported bone, muscle and joint impairments, with arthritis and back trouble the primary complaints in this category. Circulatory ailments, with heart trouble and high blood pressure as the principal types of difficulty, were reported by 13 percent of both husbands and wives. Twice as many Negro as white wives reported circulatory ailments. Other illnesses reported included visceral; respiratory; genito-urinary; ear, eyes, nose and throat; nervous; and endocrine disorders (Table 8).

Table 8. Husbands and Wives Reporting Specific Illnesses or Ailments, According to Race and to Place of Residence, 1,088 Rural Families, 1964.

Generalized Categories of Illnesses and Ailments	Respondents Reporting	Families			
		Race		Residence	
		White	Negro	Farm	Nonfarm
	number percent	percent			
Bone, Muscle, Joint:					
Husband	214	20	20	19	18	22
Wife	163	15	15	18	13	17
Circulatory:						
Husband	141	13	13	14	12	14
Wife	146	13	11	26	12	14
Visceral:						
Husband	90	8	8	8	7	9
Wife	73	7	7	3	6	7
Respiratory:						
Husband	64	6	7	1	3	8
Wife	37	3	4	3	3	3
Genito-Uninary:						
Husband	33	3	3	1	3	3
Wife	51	5	5	4	4	6
Ear, Eye, Nose and Throat:						
Husband	35	3	4	2	2	4
Wife	42	4	4	4	3	5
Nervous Disorder:						
Husband	24	2	3	1	2	3
Wife	38	4	4	3	4	3
Endocrine:						
Husband	21	2	2	1	2	2
Wife	24	2	2	3	2	3
Unclassified:						
Husband	65	6	6	7	5	7
Wife	71	7	6	10	7	6
No Ailments:						
Husband	537	49	49	53	55	44
Wife	548	50	52	39	53	48
Families in survey	1,088	100	934	154	527	561

Leisure-Time Activities

Previous research has indicated that retirees generally find ways to utilize leisure (1), but often only on a very informal and personal basis (8). In this analysis, leisure-time activities were classified into three categories: hobbies, clubs and organizations, and travel. Open-ended questions were used to obtain the information desired.

The most popular mobile types of hobbies for the husbands were fishing and hunting, although a small number preferred gardening. Wives, in contrast, listed gardening and handiwork as major leisure-time interests. Table 9 shows that just over 50 percent of the male respondents and nearly 60 percent of the female respondents utilized some of their leisure-time in hobbies not participated in by their spouses, although many of them (155 of the 1,088 couples) did go fishing together. Most expected to continue hobbies reported during retirement but on somewhat reduced levels. Few husbands or wives were considering new hobbies for retirement (Table 9).

Table 9. Percentage of Husbands and Wives Engaging in Hobbies and Percentage Anticipating Hobby Interest Upon Retirement of Husband.

Individual Participating	Number of Hobbies			
	1	2	3 or More	NA or Uncertain
	percent			
Hobbies, 1963:				
Husband alone	35	14	3	*
Wife alone	38	17	5	—
Both together	17	4	1	*
Continuance of hobbies during retirement:				
Husband alone	30	12	2	13
Wife alone	34	14	4	12
Both together	15	4	1	16
New hobbies planned for retirement:				
Husband alone	4	*	—	17
Wife alone	4	*	*	17
Both together	1	*	—	13

*Less than 0.5 percent

Organizational activities comprised membership and participation in clubs, lodges, civic and similar organizations, and those activities associated with church, Sunday school, and farm and home demonstrations. Leisure-time activities were classified into seven types (Table 10).

Table 10. Husbands and Wives Participating in Specified Organizational Activities, 1,088 Rural Families, 1964.

Type of Organization	All Respondents	
	Husband	Wife
	percent	
Church	39	54
Lodge	17	8
Civic	7	11
Agricultural	6	9
Military	3	1
Professional	3	3
Recreational	2	3
Number	1,088	1,088

Social participation was rated as positive if individuals attended one out of every four meetings of the organizations they named, regardless of whether or not they were members. Participation in church activities. which was highest of all, was far from universal. Only four in ten husbands and one of every two wives frequently or regularly attended church. Some individuals reported they usually participated in more than one activity. About 33 percent of the husbands and wives said they took part together in various social activities, but some couples reported they never shared any social activity. In general, the male respondents anticipated a decrease rather than an increase in their social relationships after they attained 65 years of age.

Travel, such as visiting friends or relatives or going to see places or things, was infrequently reported. Only 10 percent of all wives and four percent of all husbands reported making trips alone in 1963, but 30 percent made trips together—42 percent of the whites and 14 percent of the Negroes. A third of all the husbands and wives interviewed looked forward to travel during retirement, but very few reported they were setting up reserve funds specifically for this purpose.

ECONOMICS ATTRIBUTES

The accumulation of savings in the form of real property, securities, corporation stock certificates, cash, or other items of value is largely dependent upon income. All other things being equal, one should expect older people to own more net assets than younger people. In reality, the ability to save and accumulate economic resources is complex. Education has a direct relationship to income, as it does to occupation; but age, especially among rural people, is often inversely related to education. Many older rural people are poorly educated, as much research has shown, and their economic resources are limited. In the South, there is also the complicating factor of a sub-culture within an overall culture. To some extent, these factors have been identified in this survey.

Approximately 90 percent of the male family heads interviewed in this study were gainfully employed. Collectively, about 37 percent of their wives were also employed, or slightly more than one-third of the white wives and more than one-half of the Negro wives. For both races, substantial proportions of the wives expected to discontinue gainful employment when their husbands reached age 65. However, the anticipation of retirement at age 65 was disclaimed by nearly one-half of all husbands (Table 11). The study gave some evidence that an unwillingness to retire rises with increases in age.

Employment of wives, with rare exceptions, appeared to be related to low and modest family incomes. The low annual family incomes of Negroes, together with a high level of female employment, illustrate this situation. Yet, irrespective of differences in either present or anticipated retirement incomes between whites and Negroes, the majority of the respondent husbands of both races expected to be eligible for monthly benefits from the Social Security program at age 65.

The unequal earning power of whites and Negroes is again reflected in home tenure and value of assets. While about 79 percent of the whites reported they owned their homes, only 43 percent of the Negroes did. Moreover, the value of total assets of the whites was nearly five times greater than the Negroes.

Occupations

An occupation is, in a broad public context. a way of performing a socially acceptable and self-satisfying role in life. It gives both purpose to activity and income to provide necessities for existence. In addition, individuals who have spent most of their lives in factories or offices often find idleness socially and financially restrictive. This may be one reason why older people are reluctant to retire. It may also help to explain the evidence of *anomie* one notes in parts of the rural South (2).

Table 11. Selected Economic Characteristics of 1,088 Families, 1964.

Item	Families		
	White	Negro	Both
	percent		
Gainful Employment, 1963:			
Males	89	94	90
Females	34	56	37
Anticipated Employment at 65:			
Males	50	47	49
Females	12	23	14
Family Income, 1963:			
Up to $2,999	34	70	39
3,000 to 5,999	32	17	30
6,000 to 9,999	16	1	14
10,000 and over	7	—	6
Not ascertained	10	12	11
Anticipated Social Security Benefits:			
Husband only will receive	40	34	39
Wife only will receive	1	—	1
Each separately will receive	14	9	14
Both together will receive	36	43	37
Neither will receive	7	7	7
Not ascertained	2	7	2
Home Ownership:			
Owners	9	43	74
Non-owners	21	57	26
Number	934	154	1,088
	dollars		
Family Assets: (Net)			
Owners, 1964	$20,441	$4,197	$19,104
Renters, 1964	3,710	499	2,721
Anticipated Assets at Age 65:			
Owners	12,414	2,630	11,603
Renters	3,191	1,240	2,590

The male respondents in the study were generally fully employed, or had been removed from the labor force either because of physical disability or voluntary retirement. Around 40 percent of the white males, as contrasted to 64 percent of the Negro males, were employed by others for wages or salaries (Table 12). The Negro males were engaged largely in low-status occupations, but proportionally few of the whites were.

Table 12. Status and Occupations of Husbands and Wives by Race, 1,088 Rural Families, 1964.

Status and Occupations	Husband			Wife		
	White	Negro	Both	White	Negro	Both
	percent					
Employment Status: ....All	100	100	100	100	100	100
Employed by others	40	64	44	28	50	32
Self-employed	40	24	37	—	—	—
Employed by others and self	11	4	10	—	—	—
Not gainfully employed	9	8	9	72	50	68
Occupations of Head:						
Agricultural	38	51	40	1	5	1
Skilled	18	11	17	4	1	4
Semi-skilled	9	6	9	6	1	5
Unskilled	6	19	8	1	4	1
Managerial[1]	7	1	6	1	—	1
Clerical and sales	6	1	5	5	—	4
Professional[2]	4	—	3	5	2	5
Personal services	3	3	3	5	37	11
Not gainfully employed[3]	9	8	9	72	50	68
Number	934	154	1,088	934	154	1,088

[1]Managerial, official and proprietor
[2]Professional and semi-professional
[3]Homemakers, retirees, welfare recipients, and the unemployed

Negro wives (49 percent), more often than white wives (28 percent), reported they worked for others in 1963. Some of the Negro women labored in the fields or packing sheds at crop harvest time, but more often did housework. Such employment was often sporadic, and many of the Negro wives so employed rated their oc-

cupations simply as homemakers. This accounts for differences in "not gainfully employed" as presented under employment status and occupational class (Table 12). Among the whites, wives sometimes assisted their husbands in office work, yet classified themselves as "self-employed." White wives who were employed for income were usually professionals, office workers, sales clerks, and machine operators.

Family Incomes

The median 1963 per-family-money-income of property owners, aged 45 to 64 years, was $3,202 for whites and $1,555 for Negroes (Table 13). For renters, comparable median incomes were $1.952 and $1,379. Average incomes were somewhat higher, or $4,120 and $2,013 for white and Negro owners, respectively, than the $2,543 and $1,494, respectively, for white and Negro renters. Major sources of income were wages, salaries and farming.

Table 13. Average and Median Annual Incomes of White and Negro Families and Sources of Income, 1964.

1963 Family Incomes and Sources of Income	Respondents		
	White	Negro	Both
Owners Incomes: ..... Number	736	66	802
Average	$4,120	$2,013	$3,945
Median	$3,202	$1,555	—
Renters Incomes: ..... Number	198	88	286
Average	$2,543	$1,494	$2,221
Median	$1,952	$1,379	—
All Families: ..... Number	934	154	1,088
Average income[1]	$3,785	$1,717	$3,401
	..... percent		
Source of Income:			
Wages and salaries	56	72	69
Farming	26	19	18
Self-employment	9	2	6
Unemployment compensation	2	—	2
All other	7	7	5
All	100	100	100

[1]The average incomes shown are probably understated by at least 20 percent because of certain "don't know" responses. See computed averages in Table 20 for 1,019 respondents reporting.

Expenditures for Designated Items

Families distributed their annual expenditures in quite similar ways, but the amounts spent by owners and renters and by whites and Negroes varied. As a rule, owners spent more than renters, and whites more than Negroes.

Housing

Electricity has probably done more than any other single factor in modernizing rural homes and easing the work load of housewives. For families included in the survey, housing was the principal item of expenditure (Table 14) largely, no doubt, because most owners held their homes without mortgage encumbrance.

Table 14. Average Annual Expenditures According to Kind of Expenditures by Race and by Tenure, 1,088 Rural Families, 1964.

Item of Expenditure	All Families	White Families			Negro Families		
		Owners	Renters	Both	Owners	Renters	Both
	dollars						
Housing: ..... All	433	489	397	465	237	186	208
Utilities	210	238	170	222	152	111	129
Upkeep and repairs	105	148	7	117	41	12	24
Payments, rentals ..	53	15	208	55	10	58	37
Taxes	31	44	—	34	18	—	8
Insurance	26	34	7	28	15	4	9
All other	8	10	5	9	1	1	1
Medical Care:	217	244	211	237	114	85	97
Insurance: ..... All	146	168	107	137	125	72	95
Health & accident ..	75	86	58	71	67	27	44
Life	59	70	41	56	43	25	34
Both, combinations	7	8	2	5	8	12	10
Burial	5	4	6	5	7	8	7
Leisure Activities: .... All	129	154	92	123	66	50	57
Hobbies	46	56	33	44	16	17	17
Trips	43	51	31	41	30	9	18
Clubs	40	47	28	38	20	24	22
Total Expenditures:	925	1,055	807	962	542	393	457
Number	1,088	736	198	934	66	88	154

Medical Care

The costs of medical care for rural families appears to be more closely associated with income and distance required for travel to dentists, physicians, and hospitals. In this study, costs included medicines, physicians' fees, hospital charges, nursing care, and related items. Costs varied more between whites and Negroes than between owners and renters (Table 14).

Insurance

Expenditures for insurance included premiums for both life and burial insurance, and for health and accident insurance. Expenditures for insurance were greater for home owners than renters and greater for whites than for Negroes. The overall average for 1963 was $146 per family (Table 14).

Leisure Activities

The white families consistently spent more money for leisure activities than Negroes. The average annual expenditure for white families was $123 and for Negroes was $57. For both races, expenditures were rather uniformly apportioned for hobbies, travel, and organizations. However, in proportion to totals, whites spent slightly more for hobbies and Negroes spent more for clubs.

Equity in Property and Savings

Each family in the survey was requested to estimate the net value of various kinds of both tangible and intangible property owned or in which interests were held. The monetary value of properties and interests owned, in excess of claims or liens against them, are herein referred to as equities. Collectively, they are indicators of net worth; and aside from earned retirement incomes, they are the foundation of economic provisions for retirement.

This foundation consisted largely of real property (Table 15). While some renters invested in or held interests in real property, their equities were largely in expendable items, such as farm equipment, automobiles, trucks, and cash surrender values of life insurance policies. Although life insurance is one definite form of savings, many low-income policyholders reported they surrendered their policies for cash when emergency needs arose.

The median values of all equities were $9,586 for white owners and $2.500 for Negro owners. For renters, the respective value was extremely low, $767 for whites and $571 for Negroes (Table 15). The values of equities per family ranged from none (45 families) to those in six figures.

Table 15. Percentage Distribution of Items of Equities According to Kind, by Race, 1,088 Rural Families, 1964.

Item of Equity	Owners		Renters	
	White	Negro	White	Negro
	percent			
Real Property: All	70	75	39	17
Farm, not place of residence	31	18	33	2
Farm, place of residence	22	26	—	—
Home, nonfarm	14	29	1	5
Investment land, timber, etc.	3	3	5	10
Non-realty: All	30	25	61	83
Farm equipment	11	9	23	10
Automobiles and trucks	6	8	13	43
Business	5	1	1	—
Cash value, life insurance	5	6	14	26
Cash savings	2	1	7	1
Corporation stocks, bonds, etc.	2	—	2	—
All other	1	1	2	3
Total	100	100	100	100
Number	736	66	198	88
Average Value[1]	$20,441	$4,197	$3,710	$499
Median Value	$ 9,586	$2,500	$ 767	$571

[1]Computational estimates show that total average values were understated from 20 to 25 percent.

Life Insurance

Three of every four families in this survey carried life or burial insurance. Only 18 percent of the families reported they were without life insurance coverage in any form. The average percentage owning insurance for both races was 79 percent for husbands and 71 percent for wives.

The average face value of life insurance carried by husbands was $3,361 for whites and $580 for Negroes and for wives was $522 for whites and $208 for Negroes. The overall average was $2,985 for husbands and $480 for wives. Most husbands anticipated they would continue to carry approximately the same amounts of life insurance during retirement, but wives anticipated about a 25 percent drop.

More families saved money by the payment of life insurance premiums than through cash savings. The total cash reserves in insurance greatly exceeded the money on deposit in savings accounts (Table 15).

STATISTICAL ANALYSES OF DATA

Least-squares analyses of variances were run for both the white and Negro populations sampled. Eight independent variables, eight dependent variables, and five covariates were used in the final analyses of data for white and Negro families.

It was assumed that for a given race each covariate had an identical effect on the dependent variables in all states. These covariates were (a) number in family, (b) formal education of husband, (c) formal education of wife, (d) age of husband, and (e) age of wife. Independent and dependent variables were:

Independent Variables		Dependent Variables	
x_1	State of residence	y_1	Cost of home upkeep
x_2	Place of residence (farm, nonfarm)	y_2	Cost of medical care
x_3	Health rating, husband	y_3	Premiums, life and burial insurance
x_4	Home tenure	y_4	Cost of leisure activities
x_5	Occupation, husband	y_5	Equity, home (or home-farm)
x_6	Employment of wife	y_6	Face value: life or burial insurance
x_7	Family structure	y_7	Cash value, life insurance policies
x_8	Family income	y_8	Value of all equities

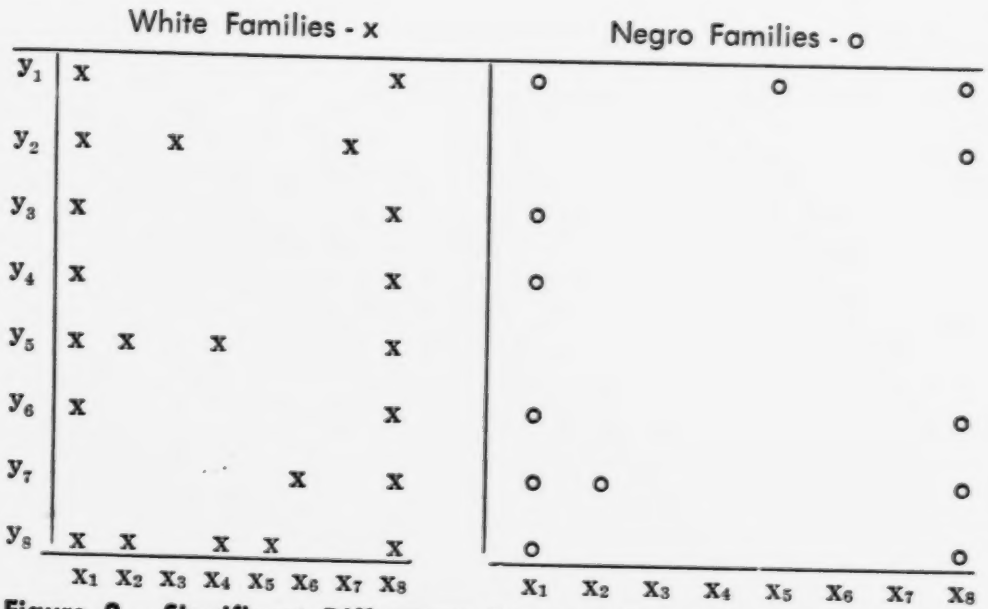

Figure 2. Significant Differences Between Dependent and Independent Variables Derived from Least-squares Analyses of Variance.

All variables retained in the least-squares model were believed to have some important relationship to retirement expectations because of previous tests of significance. Life insurance was one important factor and was retained because of the amounts of premiums paid and the persistence with which some policies were kept in force. Both of these facts usually had a direct bearing on face and cash surrender values of insurance policies.

Home Maintenance

Variables which affected the costs of home maintenance were state of residence and family income (Figure 2). For Negroes, but not for whites, the occupation of the male head was also important. The influence of the state of residence was not clearly defined, but that of income was direct and positive.

Medical Costs

Medical costs for white families were found to be related to family structure and to the state of health of the husband and wife. Medical expenditures of white families in Florida were higher than for white families in the other states. Among Negroes, medical expenditures were significantly related only to the income of the family. Regardless of race, low-income families spent a smaller amount on medical expenditures than did families on a higher income.

Life Insurance

The state of residence and the amount of annual family income were the two variables that were significantly related to the premiums for life and/or burial insurance paid by white families. State differences may be attributed to the amounts of insurance carried by a few individuals and to differential racial attributes. As might be expected, the insurance premiums paid by families with higher than average incomes ($8,000 and over) were significantly greater than those paid by medium-income and low-income families. Since most of the Negro families were in the low-income bracket (Table 11), their level of income was not found to be significantly related to the amount of premiums they paid for life, burial insurance, or both. In proportion to the total amount of premiums paid, Negro families spent more on burial insurance than did the white families. Since burial insurance is a term policy and does not accumulate cash value, this fact may partially explain why family income was directly related to the face value and the cash surrender value of the insurance policies held by the Negro families but was not related to the amount of premiums that they paid. Among the white families, the employment of wives was significantly related to the cash surrender value of

their life insurance policies. Apparently, these wives use substantial proportions of their earnings to help maintain reasonable insurance coverage.

Cost of Leisure Activities

Leisure-time activities in this study included the participation of husband and wife in hobbies, pastimes, clubs, organizations, and travel away from home for pleasure. Little money was spent on hobbies by either white or Negro families. However, there were differences between states in the spending habits of families for uses of leisure. White families in Florida and Georgia were more homogeneous and, therefore spent more on leisure time activities than did families from other states. In all states, higher income families spent significantly more money on hobbies, clubs, and travel than did other families. State of residence alone had a significant relationship on costs of leisure activities among Negroes.

Equity in Home

For white families, net equity in homes (or home-farm) was influenced by state of residence, residence on or off farms, by home ownership and by family income. Previous studies have shown that farmers place a higher value on net worth than on income (2). This may help account for farm-nonfarm differences. Home owners were found to have higher family incomes than did renters. For Negro families, net equity in the home was not significantly related to any of the factors tested in the analyses.

Total Equity in Assets Owned

Among whites, total equities differed significantly by state of residence, place of residence, home tenure, occupation of husband, and annual family income; for Negroes, state of residence and annual family income only were significant.

Florida families had significantly higher total assets than did families in other cooperating states. For the most part, families in the other states were rather homogeneous with each other. Farmers differed from nonfarmers, owners from non-owners, agricultural workers from all other workers, and high income families from the other families.

Significant differences in the amount of equity owned by Negroes occurred between Alabama and Texas only, and between families with incomes of more than $6,000 per year. and those with less than $5,000. An intermediate income range of $5.000 to $5,999. which was used in the analysis of variance, was homogeneous with both high-income and low-income families.

Few Negro families reported annual incomes of more than $5,000, and annual incomes of over $6,000 were quite rare (Table 11).

ECONOMIC OUTLOOK FOR OLDER AGE

Regardless of race or home tenure, respondents of age 45 to 64 years were relying heavily upon Social Security for their anticipated major support after age 65. The hope of these families was that Social Security benefits, when ultimately received, would at least equal their expectations. These benefits were expected by them to represent 60 percent of the retirement income of families included in the survey. The amounts expected from Social Security were $100 for white owners and $74 for Negro owners; $82 for white renters and $59 per month for Negro renters (Table 16). Income from investments, employment or both after age 65 were expected to supplement Social Security benefits for white families. The averages shown in Table 16 are general averages amounting to $153 monthly for all families interviewed.

Table 16. Anticipated Monthly Income Per Family by Source, According to Race and Tenure After Husband Attains Age 65, 1,088 Rural Families, 1964.

Retirement Income Source	Anticipated Retirement Incomes at 65				
	White		Negro		All
	Owners	Renters	Owners	Renters	Families
	dollars				
Social Security	100	82	74	59	92
Investments	38	5	1	—	27
Employment	21	11	3	12	17
Pensions, various	8	5	3	—	6
Armed Services	5	3	3	—	4
Railroad retirement	5	1	2	—	4
Old Age Assistance	—	3	—	2	1
All other	2	2	4	2	2
Number	736	198	66	88	1,088
Avg. monthly income	179	112	90	75	153
General Average	165		81		153

Projection of family income into retirement yielded expected monthly retirement income from all sources of $179 for white property

owners, $90 for Negro owners, $112 for white renters and $75 for Negro renters. In addition to Social Security and investments, the families interviewed expected to receive income from various pensions, armed service retirement or pension, railroad retirement, and Old Age Assistance. Anticipated reliance upon Old Age Assistance declined as levels of support from Social Security increased, according to these data.

Anticipated Expenditures

Respondents expect average living costs to drop slightly after retirement. Most anticipated reductions in expenditures were incident to employment, to voluntary or involuntary curtailment of expenditures for leisure-time activities, and similar items. Most owners hope to be relatively free of mortgage encumbrance by the time they retire, but the tax structure 10 to 20 years in the future, and the future costs for home repair and similar items may introduce lesser expectation. Accordingly, the anticipated expenditures which follow are conditional (Table 17).

Table 17. Estimated Costs for Specific Items During Retirement, by Race and Home Tenure, 1,088 Rural Families, 1964.

Item	White Families			Negro Families		
	Owner	Renter	Both	Owner	Renter	Both
	dollars					
Home:						
Utilities	20	14	18	13	9	11
Home upkeep	17	19	17	6	6	6
Insurance, home	3	*	2	1	*	1
All other	1	*	*	*	*	*
Total home	41	33	37	20	15	18
Medicare[1]	6	6	6	6	6	6
Leisure activities	4	2	4	*	1	*
Total	51	41	47	26	23	24

*Less than a dollar per month

[1]Excludes all premiums outside Federal Medicare program

Anticipated Equity in Assets at Age 65

Every family anticipated a drop in net equity by the time the male head reached age 65. White owners forecast average retire-

ment equities of $12,414, compared to equities of $2,630 for Negro owners, and median equities of $1,680 and $868 respectively were expected. The anticipated average value of equities at age 65 for white renters was $3,191, and for Negro renters was $1,240; the median values were $707 and $611, respectively (Table 18). The anticipated average for all renters was $2,590.

Most families believed that substantial proportions of their equities at retirement would be in cash values of insurance. Home owners estimated that insurance savings at age 65 would become of greater worth than cash savings at the time of their retirement.

Table 18. Distribution of Anticipated Equities, When Husband Reaches Age 65, by Race, 1,088 Rural Families, 1964.

Item of Anticipated Equity	Owners		Renters	
	White	Negro	White	Negro
	percent			
Real Property: ..... All	76	54	31	4
Farm, not place of residence	34	11	26	—
Farm, place of residence	22	23	—	—
Home, nonfarm	16	19	—	—
Other land investments	4	1	5	4
Non-realty: ..... All	25	46	69	96
Farm equipment	3	3	11	2
Automobiles and trucks	1	4	2	5
Business	5	1	1	—
Cash value, life insurance ..	13	23	27	25
Cash savings	2	13	26	64
Corporation stocks, bonds, etc.	1	—	2	—
All other	—	2	—	—
Percent	100	100	100	100
Number	736	66	198	88
Average Value	$12,414	$2,630	$3,191	$1,240
Median Value	$ 1,680	$ 868	$ 707	$ 611

PREDICTION OF RETIREMENT INCOME

The prediction of retirement incomes has utility for the public as well as for individuals. Since older people are, and will remain, an important part of our economy, it behooves society to appraise the future of the average retiree.

Linear Multiple Regression Analyses

As the analyses of these data proceeded, it became evident that retirement expectations could not be predicted by the method originally planned (see pages 3 and 4). Consequently, the retirement income anticipated when the husband reached age 65 was treated as a dependent variable in linear multiple regression analyses. By this means, certain factors affecting this anticipated retirement income were revealed.

Seven independent variables were incorporated into the analyses, and three of them were qualitative.[4] These variables were occupation, family structure, and health rating of husband. The other independent variables were age and education of husband, 1963 family incomes, and total family assets as reported in 1964.

Six of the seven independent variables were found to be significantly related to anticipated retirement incomes of white respondents, as compared with only three for Negro respondents (Table 19). In this analysis, only a relatively small part of the variation in anticipated monthly retirement income (14.1 percent for white and 13.0 percent for Negro respondents) was attributable to the independent variables. This relationship signifies causes other than those examined which may significantly influence variations in predicted retirement incomes.

Significant Relationships

In interpreting the results of the regression analyses, constants were derived for both whites and Negroes. These constants represented base values from which all comparisons were made (Table 19). By means of simple transformation, a base can be made any value desired. The derived base values or constants shown in Table 19 are 138.34 for whites and 53.13 for Negroes.

Coefficients were derived for both qualitative and quantitative variables. The coefficients for the qualitative variables estimate the increase, or decrease, with respect to the base value (constant term) associated with a particular classification. The coefficients for the quantitative values estimate the rate of change in retirement income concurrently with per unit changes in the applicable covariate. Table 19 shows constants, coefficients, and standard deviations.

Among the white families interviewed, the occupation of farming was significantly related to projected retirement income (Table 19). The —11.96 coefficient indicates that farmers can expect $11.96

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[4] "Dummy" variables were used to separate the qualitative data into two meaningful classes, minus 1 (−1) and plus 1 (+1). The coefficients for these variables were distributed under the restrictions that the sum of effects be zero.

more per month, and nonfarmers $11.96 less per month from the average.

Table 19. Estimates of Coefficients and Standard Deviations, Seven Independent Variables, and Constants for Anticipated Retirement Income by Race, 1,088 Rural Families, 1964.

Variable	Estimates by Race			
	Whites (N=885)		Negroes (N=134)	
	Coefficient	Standard Deviation	Coefficient	Standard Deviation
Occupation[1]	−11.96	2.74	*	—
Family structure[2]	7.53	2.89	16.23	9.05
Age, husband	− 1.34	0.51	*	—
Education, husband	3.49	0.80	*	—
Health rating[3]	*	—	−13.78	7.73
Derived constant Monthly income[4]	$138.34		$53.13	

*Not statistically significant
[1]Occupation: minus value, non-farmer
[2]Family structure: plus value, couple only
[3]Health: plus if satisfactory (excellent, good), minus if unsatisfactory (fair, poor)
[4]Corrected for influence of covariates

Age was another variable of significance. Increases in age had an inverse effect on retirement income expectations. For the white male respondents, anticipated retirement incomes decreased $1.34 per month for each year of age in excess of the average (54 years), and increased $1.34 per month for each year of age below the average.

The effect of education in this analysis was direct and positive, as in most other recent studies. For each year of attained education above the average (8.1 years), an additional $3.49 per month may be added to a constant to adjust income, and conversely for less than average education.

The Negro families differed from the white families in respect to the the health rating of the male head. An unsatisfactory state of health and low 1963 family incomes were associated characteristics. The situation is somewhat paradoxical because these families, having an adverse health situation, are projected to receive $13.78 in additional income per month (Table 19).

The 1963 family incomes were directly related to anticipated retirement incomes. Family structure and pre-retirement family income, and these alone, were significantly related to retirement expectations for both whites and Negroes. Families consisting of a couple only received lower 1963 incomes than others, but their assets were greater (Table 20).

Table 20. Average Values According to Independent Variables, Retirement Incomes and Covariates, As Determined by Multiple Regression Analyses, 1,088 Rural Families, 1964.

Respondent and Variable	Number	Husband		Family	
		Age	Education	1963 Income	1964 Assets
		years		dollars	
WHITE RESPONDENTS....All	885	54	8	4,028	16,136
Occupation of Head:					
Farmer	434		8	3,978	21,746
Nonfarmer	451	54	8	4,078	10,738
Family Structure:					
Couple only	377	56	8	3,820	19,234
Couple and others	508	52	8	4,184	13,838
Health of Head:[1]					
Satisfactory	424	53	9	4,560	16,933
Unsatisfactory	461	55	7	3,540	15,403
NEGRO RESPONDENTS..All	134	54	5	1,820	2,119
Occupation of Head:[1]					
Farmer	61	53	5	1,643	2,488
Nonfarmer	73	54	5	1,967	1,810
Family Structure:					
Couple only	27	55	5	1,544	2,928
Souple and others	107	53	5	1,889	1,914
Health of Head:					
Satisfactory	76	53	6	2,230	2,783
Unsatisfactory	58	54	5	1,282	1,247
Total average	1,019	54	8	3,738	14,293

[1]Not statistically significant at acceptable levels.

SUMMARY

A general picture of retirement expectations emerged from data gathered in 1964 under the auspices of this Southern Regional Research Project. The survey revealed that, collectively, the rural population of the states of Alabama, Florida, Georgia, Tennessee, and East Texas was dichotomous in racial composition. This dichotomy was of such a nature that the variables bearing upon retirement expectations were differently combined for white families than for Negro families.

Another noteworthy finding was that pre-retirement family incomes have a direct bearing upon economic expectations for retirement. In general, most of the Negroes and many of the whites reported that their 1963 family incomes were under $3,000. For all families, the projected monthly retirement income was $165 for whites, $81 for Negroes; $179 for white owners, and $90 for Negro owners. For white and Negro renters, the projected retirement income was $112 and $75, respectively. These averages were based on the assumption that all the male heads interviewed would retire at age 65.

Total net assets reported by home (or home-farm) owners in 1964 averaged just over $20,000 for whites and $4,000 for Negroes. For renters the comparable figures were $3,700 and $500 respectively. Values of owner assets by age 65 were expected to drop to $12,000 for whites and $3,000 for Negroes. For white renters, assets were to drop to $3,000, with a rise to $1,250 for Negro renters.

If we accept the findings of this survey as representative of those ~~areas from~~ which the respondents were drawn, then at least 1.5 million rural families in the areas sampled will eventually receive annual retirement incomes of less than $1,800, or $75 per month each for a family of two persons. Moreover, those who will have inadequate retirement incomes may require financial assistance or other forms of income subsidy. If it should be established that this situation exists throughout the South as a whole, then it can safely be predicted that more than a third of all rural southerners will face varying degrees of economic adversity after reaching 65 years of age.

It is on this theme that public programs regarding financial security in retirement for retirees, their wives, and dependents will probably evolve. It is based on the premise that Social Security benefits will always be adequate for the normal needs of the average retiree. Supplementary services such as medical care, out-patient nursing care, use of rest homes for recuperation from illnesses or injuries, and similar services are conceived of as beyond the financial reach of individuals. Provision of adequate housing and social services of various kinds for retirees is yet to be demanded by rural southern-

ers. Nevertheless, the findings of this survey indicate public action is needed to solve some of the human issues involved in rural retirement, including substandard housing, and the social adversities of rural isolation.

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